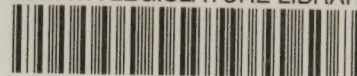


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ITEM 187



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MEMORANDUM

PENSION BENEFITS ACT BRANCH

OUR FILE NO.:

YOUR FILE NO.:

FROM: A. H. Wakefield,
Superintendent of Pensions,
Pension Benefits Act Branch.

TO: Mr. H. C. French,
Secretary,
Department of Labour.

DATE: January 9, 1968.

Re: Annual Report of
Pension Benefits Act Branch.

Submitted herewith is the annual report of the affairs of this branch for onward transmission to the Minister, as required under Section 9(1) of The Pension Benefits Act.

The Act does not call for submission of any new regulations or Orders in Council, but if it is felt that these should be attached to the report please let me know.

A handwritten signature in cursive script that reads "A. H. Wakefield".

A. H. WAKEFIELD,
Superintendent of Pensions.

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First Annual Report of The Pension Benefits Act
Branch for the year ending 31 December, 1967.

The Pension Benefits Act, which establishes standards for employers' pension plans, was assented to on April 15, 1966, and proclaimed "in force" as of January 1, 1967.

The intent of the Act is to safeguard the entitlement of members of pension plans, and to ensure that members receive material recognition for services rendered. To effect this the Act requires pension plans to provide a minimum level of vesting of benefits, and also sets standards for solvency and the composition of pension fund investments.

The vesting provision requires that a pension plan shall provide for full vesting of the benefits arising from employers' contributions made after January 1, 1967 for members who achieve age 45 and also have 10 years continuous service with the employer. Another provision restricts the complete withdrawal of contributions made after January 1, 1967 by those members who, by reason of age and service (45 & 10 rule), qualify for a vested pension.

The provisions relating to solvency are prescribed in the Regulations under the Act, but basically the effect is to ensure that pension benefits for current service are paid for as they are earned, and any liability in respect of benefits for service prior to January 1, 1967 or establishment of the plan, if

later, is liquidated within a stipulated period, also that pension plan funds are invested in reasonably stable investments.

A further provision requires that a Cost Certificate be submitted by January 1, 1968 which sets out the estimated cost of providing the benefits in the first year under the Act and the rule for computation of the cost for each of the two subsequent years, as well as the estimated unfunded liability, if any, and the number of annual payments required to liquidate the unfunded liability.

Another provision is that each member of a pension plan shall receive a written explanation of the terms of the plan and any amendments applicable to him. This means that every member of a particular plan has the same information and the opportunity of knowing his rights and duties under the plan.

The Pension Benefits Act does, of course, go a little further than did the rules with which pension plans had to comply, as applied by the Department of National Revenue before control was relinquished to provincial jurisdiction, but it has not imposed any great hardship on those pension plans properly constituted and administered. Even the mandatory vesting provision has not caused any real upsurge in the employer cost. Possibly because

the majority of pension plans already provided some form of vesting, and because of the reduced movement of personnel after they have attained age 45 years, or after having worked for the same firm for 10 or more years.

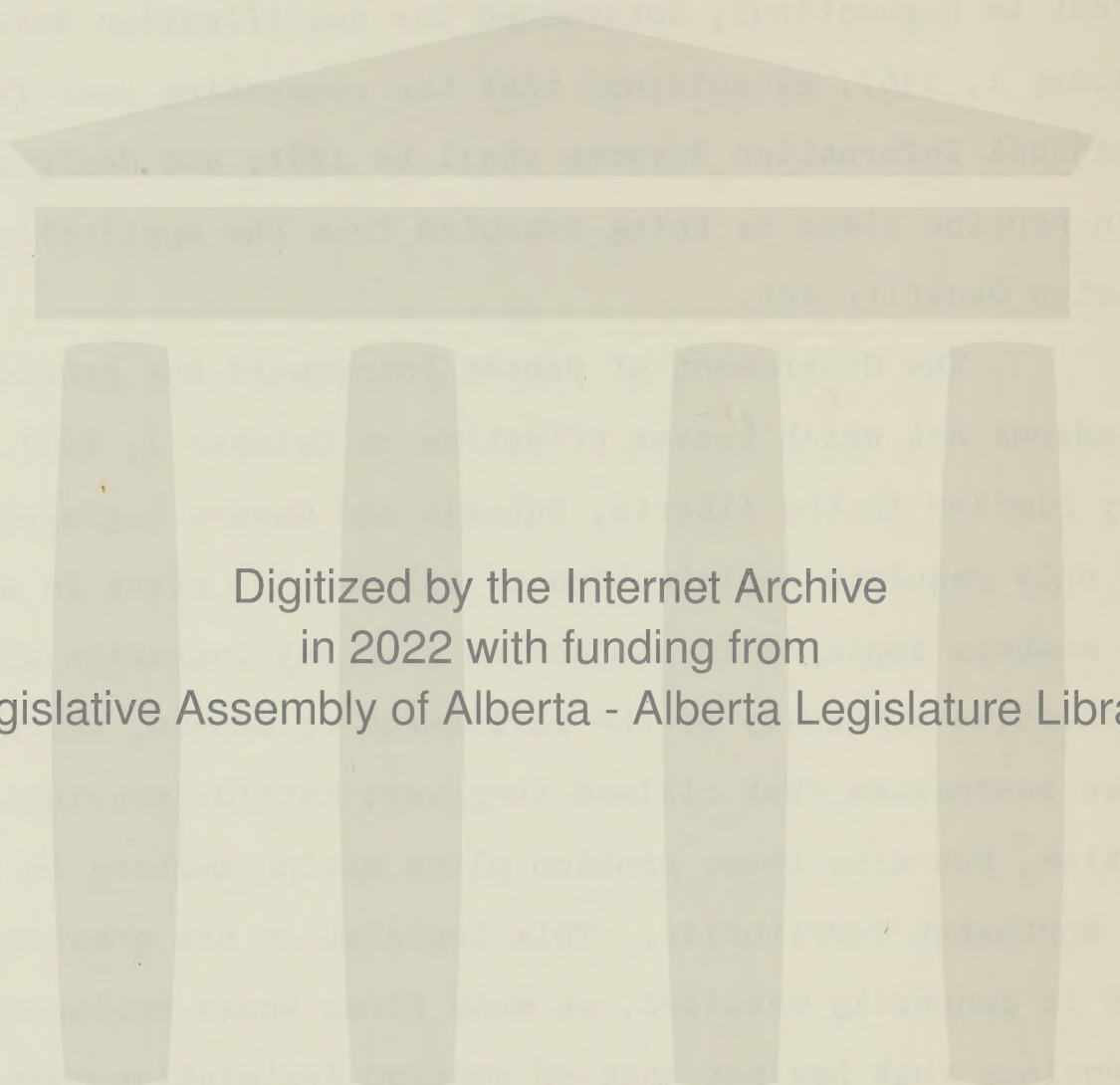
Introduction of The Pension Benefits Act did not get a great amount of publicity but some articles did appear in the newspapers, and a little time was given on radio and television. Generally the interpretation was more or less correct, but some people were still confused as to the effect of the Act. However, although queries on certain aspects are still being received, explanations given at meetings arranged by interested bodies has, to a great extent, dispelled most of the confusion and misunderstanding.

The Pension Benefits Act Branch came into existence in October, 1966, but it was not until the end of February, 1967 that the Branch became really operative, due to the amount of time involved in the preparation of the Regulations, the administrative systems, as well as having forms printed. Acquisition of staff did not create any great problem, except with regard to Pension Analysts. There are very few persons available with the necessary background and a certain amount of difficulty was encountered in filling these positions.

Since the Act was proclaimed, and in accordance with the authority granted by the Act, Orders in Council have given effect to Regulations; determined the qualification date as January 1, 1967; established that the commencing year for filing of Annual Information Returns shall be 1967; and designated certain pension plans as being excepted from the application of The Pension Benefits Act.

The Government of Canada introduced the Pension Benefits Standards Act which became effective on October 1, 1967. This is very similar to the Alberta, Ontario and Quebec legislation, and not only requires registration of all pension plans in which there are members employed in connection with any operation within the legislative authority of the Parliament of Canada, which includes those businesses that claimed they were outside provincial jurisdiction, but also those pension plans having members in the Yukon and Northwest Territories. This legislation has greater impact than is generally realized, as many firms whose employees work in a province that has not enacted pension legislation must now bring their pension plans into conformity with the principles of Uniform Pension Legislation.

Other governments have continued studying the subject of pension legislation during the past year, and it is expected that



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one or two will be proposing implementation of legislation similar to The Pension Benefits Act in the ensuing year.

Another development during the past year was the study by a group, composed of representatives from several provinces, of the need for an "Association of Pension Commissions and Boards". Although the full report of the study is not yet available, this is to be presented at the next "Interprovincial Conference on Pension Legislation", it is known that the group considered an "Association" would benefit all concerned with pension legislation.

A reciprocal agreement is being sought with the provinces of Ontario and Quebec, and the Government of Canada, but the final format has not yet been agreed upon. The desire to design an agreement that will be acceptable to all governments, not only those who have already enacted similar legislation, but also those who may do so in the future, coupled with other difficulties, is responsible for the delay.

To date 2088 pension plans have been submitted for registration, 577 of these were already registered with Ontario and/or Quebec. So far 802 pension plans have been examined, of which 615 have been "accepted" and Certificates of Registration issued in respect of these. 175 employers have been informed that their plans need amendment in order to comply. Examination of the balance is

proceeding. A few (12) of the original applications submitted have been cancelled, either because the plan has been discontinued or that it was not subject to the Act.

Annual Information Returns have been sent to employers, requesting financial details in respect of the plan fiscal year ending in 1967 and at present 531 of these have been returned completed.

Total revenue received to date amounts to \$16,280.00, of this amount Registration Fees provided \$12,575.00, and fees in respect of Annual Information Returns \$3,705.00.

Itemized particulars in respect of expenditures are to be found at page eight (8).

A notice was entered in the news media to the effect that The Pension Benefits Act required registration of pension plans, but it became apparent that some employers had not done so. A listing was compiled from the Alberta Trade Index and the Directory of General & Trade Contractors of those employers who, according to Branch records, had not filed an application form, and a form letter sent to each, requesting information as to whether or not a pension plan was in operation for their employees. Several of the replies have shown a pension plan is in operation, and Forms 1(B) are being sent to these employers for registration of their pension plans.

Pension consultants, insurance companies, trust companies, and others connected with the pension field have generally been very helpful, assisting both the employers and the Branch in many ways. This co-operation is sincerely appreciated by this Branch.

Appr. No. 1713
Particulars

Estimates
1967 to 1968

Proposed Estimates
1968 to 1969

Final
Estimates

Amount Expended
Sept. 30, 1967

B. Expenses

100	Accountable Advances				
130	Advertising	1,000.00	1,000.00	1,000.00	Nil
145	Automobile Purchase				
160-185	Automobile (Equip. other than for trav.				
260-275	Contracts and Agreements				
305	Entertainment Expenses	100.00	100.00	100.00	Nil
320	Fees & Commissions	2,000.00	2,000.00	2,000.00	Nil
335	(Include Convention Registration)				
350	Freight, Express & Cartage	10.00	10.00	10.00	Nil
480	Furnishings, Equipment & Tools	1,000.00	2,000.00	2,000.00	880.05
495-605	Maintenance in Homes & Schools				
610-650	Materials & Supplies (Admin. }	5,000.00	5,000.00	5,000.00	3,014.31
680	Materials & Supplies (Const. }				
740	Miscellaneous Expenses	100.00	100.00	100.00	Nil
770-785	Postage	1,500.00	700.00	700.00	162.00
795	Rentals	500.00	700.00	1,000.00	323.00
800	Repair & Maintenance (Equip. & Tools)				
805	Repair & Maintenance (Office Machines)	100.00	100.00	100.00	6.30
825	Salaries	41,760.00		41,715.00	15,014.53
835	Telephone & Telegraph	500.00	250.00	250.00	46.58
845	Transportation (Payment of)				
860-915	Travel Exps. other than Pub. Servants	10.00	10.00	15.00	Nil
930	Travelling Expenses of Public Servants	4,000.00	3,000.00	3,000.00	782.37
960-970	(Include Car Expenses)				
980	Tuition (Payment of)				
	Utilities				
	Wages				
TOTAL		57,580.00		56,990.00	20,229.14
REVENUE:		20,000.00	12,000.00	13,000.00	11,035.95

Increase or decrease in staff -
Give details:

NO CHANGE.

